MONTANA LEGISLATIVE HISTORY

Chapter 414 1997

Bill H _____ S 372 Original bill & history ✓ C

H. Committee on Taxation			S. Committee on Taxation		
Hearing Date(s)	4-7	C	Hearing Date(s)	3-11	C
	4-9	C		3-18	C
		C		3-24	C
		C			C
Date Out	4-9	C	DATE OUT	3-24	

Did this bill originate in an interim committee? ____Yes ____No

Committee _____ Report _____

2/22	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/25	2ND READING PASSED AS AMENDED	50	0
2/26	3RD READING PASSED	47	2
	TRANSMITTED TO HOUSE		
3/03	FIRST READING		
3/03	REFERRED TO EDUCATION & CULTURAL RESOURCES		
3/10	HEARING		
3/11	COMMITTEE REPORT—BILL CONCURRED		
3/15	2ND READING CONCURRED	95	1
3/17	3RD READING CONCURRED	99	0
	RETURNED TO SENATE		
3/19	SIGNED BY PRESIDENT		
3/21	SIGNED BY SPEAKER		
3/21	TRANSMITTED TO GOVERNOR		
3/25	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 153		
	EFFECTIVE DATE: 03/25/97		

SB 371 INTRODUCED BY KEATING, ET AL. *LC1028 DRAFTER: ERICKSON*

AUTHORIZE THE ESTABLISHMENT OF A CHARTER SCHOOL UNDER THE SPONSORSHIP OF THE TRUSTEES OF A SCHOOL DISTRICT AS A MEANS OF PROVIDING ADDITIONAL EDUCATIONAL OPPORTUNITIES TO THE CHILDREN OF MONTANA

2/15	INTRODUCED		
2/15	FIRST READING		
2/15	REFERRED TO EDUCATION & CULTURAL RESOURCES		
2/15	FISCAL NOTE REQUESTED		
2/21	HEARING		
2/21	TABLED IN COMMITTEE		
2/21	FISCAL NOTE RECEIVED		
2/21	FISCAL NOTE PRINTED		
2/25	MOTION FAILED TO TAKE FROM COMMITTEE & PLACE ON 2ND READING	18	31
3/03	MISSED DEADLINE FOR 45TH DAY TRANSMITTAL		
	DIED IN COMMITTEE		

SB 372 INTRODUCED BY WATERMAN *LC1208 DRAFTER: HEIMAN*

REQUIRE THE DEPARTMENT OF REVENUE, UPON A TIMELY SHOWING OF A CHANGE IN OWNERSHIP OR OF A LAND CONVEYANCE RESULTING IN A CHANGE OF OWNERSHIP, EXCEPT IN CASES OF LAND SPLITS, TO CHANGE THE CURRENT OWNERSHIP RECORDS

2/17	INTRODUCED		
2/17	FIRST READING		
2/17	REFERRED TO TAXATION		
2/17	FISCAL NOTE REQUESTED		
2/25	FISCAL NOTE RECEIVED		
2/25	FISCAL NOTE PRINTED		
3/11	HEARING		
3/25	COMMITTEE REPORT—BILL PASSED AS AMENDED		
4/02	2ND READING PASSED AS AMENDED	50	0
4/03	3RD READING PASSED	49	1
	TRANSMITTED TO HOUSE		
4/03	FIRST READING		
4/03	REFERRED TO TAXATION		
4/07	HEARING		
4/09	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
4/14	2ND READING CONCURRED AS AMENDED	95	3
4/16	3RD READING CONCURRED	94	5

	RETURNED TO SENATE WITH AMENDMENTS		
4/17	2ND READING AMENDMENTS CONCURRED	48	1
4/18	3RD READING CONCURRED AS AMENDED	47	2
4/21	SIGNED BY PRESIDENT		
4/21	SIGNED BY SPEAKER		
4/21	TRANSMITTED TO GOVERNOR		
4/28	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 414		
	EFFECTIVE DATE: 01/01/98		

SB 373 INTRODUCED BY HERTEL, ET AL. *LC1211 DRAFTER: MARTIN*

REVISE THE DEFINITION OF "RECEIPTS RECEIVED" TO INCLUDE TRANSPORTATION COSTS AS A DEDUCTION FROM THE GROSS PROCEEDS TAX ON METAL MINES

2/17	INTRODUCED		
2/17	FIRST READING		
2/17	REFERRED TO TAXATION		
2/17	FISCAL NOTE REQUESTED		
2/21	FISCAL NOTE RECEIVED		
2/22	FISCAL NOTE PRINTED		
3/10	HEARING		
3/18	TABLED IN COMMITTEE		
4/05	MISSED DEADLINE FOR 71ST DAY TRANSMITTAL		
	DIED IN COMMITTEE		

SB 374 INTRODUCED BY HARGROVE *LC1007 DRAFTER: MACMASTER*

IMPLEMENT THE CHILD SUPPORT PROVISIONS OF THE FEDERAL PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996

2/17	INTRODUCED		
2/17	FIRST READING		
2/17	REFERRED TO JUDICIARY		
2/17	FISCAL NOTE REQUESTED		
2/20	HEARING		
2/20	FISCAL NOTE RECEIVED		
2/22	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/25	REREFERRED TO FINANCE & CLAIMS		
3/03	MISSED DEADLINE FOR 45TH DAY TRANSMITTAL		
3/06	HEARING		
3/14	HEARING		
3/22	COMMITTEE REPORT—BILL PASSED AS AMENDED		
3/28	2ND READING PASSED	25	21
4/02	3RD READING PASSED	25	24
	TRANSMITTED TO HOUSE		
4/03	FIRST READING		
4/03	REFERRED TO JUDICIARY		
4/09	HEARING		
4/15	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
4/16	2ND READING NOT CONCUR AS AMENDED	36	64
4/16	RECONSIDERED PREVIOUS ACTION	54	41
4/16	2ND READING CONCURRED AS AMENDED	56	44
4/17	3RD READING CONCURRED	50	47
	RETURNED TO SENATE WITH AMENDMENTS		
4/18	MOTION CARRIED TO ALLOW BILL TO BE PLACED ON 2ND READING FOR CONSIDERATION OF HOUSE AMENDMENTS		
4/18	2ND READING AMENDMENTS NOT CONCURRED	30	18
4/18	FREE CONFERENCE COMMITTEE APPOINTED		

SENATE TAXATION

- BILL NO - REFERRED - HEARING - OTHER CONSIDERATION DATES - EXECUTIVE ACTION/DATE/VOTE ------- REREFERRED ---- DATE READ

SB0319	STANG, BARRY		REVISE PROPERTY TAX LIMITATIONS UNDER I-105			
	2/10	2/18	PASS AS AMENDED	VOTE: 9-0		2/19
SB0336	HALLIGAN, MIKE		EXTEND RECYCLING TAX CREDIT TERMINATION DATE			
	2/12	2/18	DO PASS	VOTE:		3/05
SB0345	TAYLOR, MIKE		REDUCE TAX RATE ON PERS. PROP. TO 3%: LOC. GOV. REIMBURSE; DEBT LIMTS; ETC.			
	2/13	3/07	TABLED ON 03/12	VOTE: 5-3		
SB0354	WATERMAN, MIGNON		RESTAURANT BEER AND WINE LICENSE -- LIMIT GAMBLING TO OLDER BEVERAGE LICENSE			
	2/14	3/11	PASS AS AMENDED	VOTE: 8-1		3/27
SB0355	JERGESON, GREG		ELIMINATE 1% DISTRIBUTOR ALLOWANCE FOR COLLECTING GAS AND DIESEL TAXES			
	2/14	2/21	TABLED ON 03/05	VOTE: 9-0		
SB0358	TOEWS, DARYL		SEVERED MINERAL INTEREST PAYS PART OF SURFACE PROPERTY TAX -- TAX SALE			
	2/14	2/21	TABLED ON 03/06	VOTE: 9-0		
SB0362	GAGE, DELWYN		REVISE DISTRIBUTION OF OIL AND GAS TAXES ON PRODUCTION FROM POST-1985 WELLS			
	2/14	2/21	TABLED ON 03/18	VOTE: 9-0		
SB0372	WATERMAN, MIGNON		REVISE PROPERTY TAX RECORDS FOR CHANGE OF OWNERSHIP, EXCEPT LAND SPLIT CASES			
	2/17	3/11	PASS AS AMENDED	VOTE: 5-4		3/25
SB0373	HERTEL, JOHN		ALLOW DEDUCTION FOR TRANSPORTATION COSTS FOR METAL MINES GROSS PROCEEDS			
	2/17	3/10	TABLED ON 03/18	VOTE: 9-0		
SB0386	GAGE, DELWYN		CLARIFY DISTRIBUTION OF OIL AND NATURAL GAS PRODUCTION TAXES			
	2/24	3/12	DO PASS	VOTE: 9-0		3/12
SB0387	BISHOP, AL		PROVIDE REDUCED OIL AND NATURAL GAS TAX RATES FOR WELLS DRILLED AFTER 1997			
	2/26		DEAD-NEVER HEARD	VOTE:		
SB0388	BROOKE, VIVIAN		EXEMPT LOTTERY WINNINGS RECEIVED BY NONPROFIT CORPORATION FROM TAXATION			
	3/05	3/12	TABLED ON 03/12	VOTE: 9-0		

Senate BILL NO. 372

INTRODUCED BY Waterman

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE DEPARTMENT OF REVENUE, UPON A TIMELY SHOWING OF RELIABLE EVIDENCE OF A CHANGE IN OWNERSHIP OR RELIABLE EVIDENCE OF A LAND SPLIT RESULTING IN A CHANGE OF OWNERSHIP TO CHANGE THE CURRENT OWNERSHIP RECORDS; PROVIDING THAT AT THE OPTION OF THE TAXPAYERS IN A LAND SPLIT THE DEPARTMENT MAY RECOMPUTE THE CURRENT YEAR'S TAXES BASED UPON THE PERCENTAGE OF OWNERSHIP OF EACH OWNER; AMENDING SECTIONS 15-7-304, 15-8-201, 15-10-305, AND 15-16-101, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Land split.** A land split is the conveyance or transfer of a portion of a parcel of land that will require the department to change its ownerships records for the original parcel to show the creation of one or more new parcels under a new ownership.

Section 2. Section 15-7-304, MCA, is amended to read:

"**15-7-304. Report of transfers -- change of ownership records.** (1) All transfers of real property that are not evidenced by a recorded document, except those transfers otherwise provided for in this part, must be reported to the department on the form prescribed.

(2) (a) The department is not required to change any ownership records used for the assessment or taxation of real property unless the department ~~has received~~ receives a transfer certificate from the clerk and recorder or other reliable evidence that demonstrates that the grantee is the owner of the property for tax purposes and the transfer has been reported to the department as provided by rule. If the grantor on the transfer certificate is not the person to whom the property is assessed on the property tax record, the department may not substitute the grantee's name on the certificate for the name of the current person listed on the property tax record, but the department shall add the grantee's name to the property tax record with the name of the person to whom the property is assessed. The department shall mail notification of the change to the person to whom the property is assessed and to the grantee. The

department shall substitute the grantee's name on the property tax record when reliable evidence demonstrates that the grantee is the owner of the property for tax purposes.

(b) If the parties to a land split wish to receive separate tax notices for each parcel in the land split in the current year they shall provide a reallocation percentage to the department. The department shall provide a space on the transfer certificate for the parties to list the percentage of assessed value that each party received of the total assessed value of the land, the improvements, and any personal property subject to tax liens against the real property. The department shall use the percentage as the basis for dividing the assessed value among the parties if reliable evidence demonstrates that the grantee is the owner of the property for tax purposes and the evidence has been provided and processed prior to the time taxes are determined. If the parties to a conveyance do not list a reallocation percentage or do not provide reliable evidence that demonstrates that the grantee is the owner of the property for tax purposes or if the request is untimely, the department shall add the grantee's name to the property tax statement along with the name of the person to whom the property has previously been assessed."

Section 3. Section 15-8-201, MCA, is amended to read:

"**15-8-201. General assessment day.** (1) The department shall, between January 1 and the second Monday of July in each year, ascertain the names of all taxable inhabitants and assess all property subject to taxation in each county.

(2) The department shall assess property to:

(a) the person by whom it was owned or claimed or in whose possession or control it was at midnight of the preceding January 1; or

(b) the new owner if reliable evidence has been received and processed prior to determining the taxes that are due as provided in 15-7-302(2)(a).

(3) The department shall also ascertain and assess all mobile homes arriving in the county after midnight of the preceding January 1.

(4) A mistake in the name of the owner or supposed owner of real property does not invalidate the assessment.

~~(2)~~(5) The procedure provided by this section does not apply to:

(a) motor vehicles that are required by 15-8-202 to be assessed on January 1 or upon their anniversary registration date;

(b) motor homes, travel trailers, and campers;

(c) watercraft;

(d) livestock;

(e) property defined in 61-1-104 as "special mobile equipment" that is subject to assessment for personal property taxes on the date that application is made for a special mobile equipment plate;

(f) mobile homes held by a distributor or dealer of mobile homes as stock in trade; and

(g) property subject to the provisions of 15-16-203.

~~(3)~~(6) Credits must be assessed as provided in 15-1-101(1)(f)."

Section 4. Section 15-10-305, MCA, is amended to read:

"**15-10-305. Clerk and recorder to report mill levy -- department to compute and enter taxes.** (1) (a) ~~The~~ Except as provided in subsection (1)(b), the county clerk and recorder shall by the third Monday in August notify the department of the number of mills needed to be levied for each taxing jurisdiction in the county. The department shall compute the taxes by multiplying the number of mills times the taxable value of the property to be taxed and shall add any fees or assessments required to be levied against a person owning property. All taxes, fees, and assessments must be itemized for the property listed in the property tax record.

(b) The department shall compute the current year's taxes based upon the reallocation percentage provided for in 15-7-304(2)(b) if the department is able to do so without violating the deadline provided in subsection (2).

(2) The department shall complete the computation of the amount of taxes, fees, and assessments to be levied against the property and shall notify the county clerk and recorder and the county treasurer by the second Monday in October."

Section 5. Section 15-16-101, MCA, is amended to read:

"**15-16-101. Treasurer to publish notice -- manner of publication.** (1) Within 10 days after the receipt of the property tax record, the county treasurer shall publish a notice specifying:

(a) that one-half of all taxes levied and assessed will be due and payable before 5 p.m. on the next November 30 or within 30 days after the notice is postmarked and that unless paid prior to that time the amount then due will be delinquent and will draw interest at the rate of 5/6 of 1% per month from the time

of delinquency until paid and 2% will be added to the delinquent taxes as a penalty;

(b) that one-half of all taxes levied and assessed will be due and payable on or before 5 p.m. on the next May 31 and that unless paid prior to that time the taxes will be delinquent and will draw interest at the rate of 5/6 of 1% per month from the time of delinquency until paid and 2% will be added to the delinquent taxes as a penalty; and

(c) the time and place at which payment of taxes may be made.

(2) The county treasurer shall send to the last-known address of each taxpayer a written notice, postage prepaid, showing the amount of taxes and assessments due for the current year, including taxes computed by the department due to reallocation for land splits as provided in 15-7-304(2)(b), and the amount due and delinquent for other years. The written notice must include:

(a) the taxable value of the property;

(b) the total mill levy applied to that taxable value;

(c) the value of each mill in that county;

(d) itemized city services and special improvement district assessments collected by the county;

(e) the number of the school district in which the property is located; and

(f) the amount of the total tax due that is levied as city tax, county tax, state tax, school district tax, and other tax.

(3) The municipality shall, upon request of the county treasurer, provide the information to be included under subsection (2)(d) ready for mailing.

(4) The notice in every case must be published once a week for 2 weeks in a weekly or daily newspaper published in the county, if there is one, or if there is not, then by posting it in three public places. Failure to publish or post notices does not relieve the taxpayer from any tax liability. Any failure to give notice of the tax due for the current year or of delinquent tax will not affect the legality of the tax."

NEW SECTION. **Section 6. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 15, chapter 7, part 1, and the provisions of Title 15, chapter 7, part 1, apply to [section 1].

NEW SECTION. **Section 7. Applicability.** [This act] applies to all conveyances and transfers of property resulting in a change of ownership effective after December 31, 1997.

NEW SECTION. **Section 8. Effective date -- rulemaking.** (1) Except as provided in subsection (2), [this act] is effective January 1, 1998.

(2) The department may commence rulemaking to implement the provisions of [this act] prior to January 1, 1998, but the date rules are adopted implementing [this act] may not be earlier than January 1, 1998.

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0372, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:
An act requiring the Department of Revenue, upon a timely showing of reliable evidence of a change in ownership or reliable evidence of a land split resulting in a change of ownership to change the current ownership records; providing that at the option of the taxpayers in a land split the department may recompute the current year's taxes based upon the percentage of ownership of each owner; and providing a delayed effective date and an applicability date.

ASSUMPTIONS:
1. Existing staff will perform the ownership changes required by the proposal within their current work schedules.
2. Additional assessment notices detailing the ownership change will not be mailed after the initial mass mailing that occurs annually.
3. The department will update the ownerships on the county computer systems as required by the proposal during regular scheduled ownership updates.
4. The proposal may require changes in county computer systems. The department is unable to estimate the extent and costs of these changes.

FISCAL IMPACT:

Expenditures:
State expenditures caused by the proposal will be absorbed by the department.

TECHNICAL NOTES:

1. In section 3, the statutory cite "15-7-302 (2)(a) needs to be changed to "15-7-304 (2), MCA".

Dave Lewis 2-25-97

DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Mignon Waterman 2-25-97

MIGNON WATERMAN, PRIMARY SPONSOR DATE

MINUTES

MONTANA SENATE
55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN GERRY DEVLIN**, on March 11, 1997, at 8:00 a.m., in Room 325 of the State Capitol, Helena, Montana.

ROLL CALL

Members Present:
Sen. Gerry Devlin, Chairman (R)
Sen. Mike Foster, Vice Chairman (R)
Sen. Mack Cole (R)
Sen. Bob DePratu (R)
Sen. Dorothy Eck (D)
Sen. Wm. E. "Bill" Glaser (R)
Sen. Mike Sprague (R)
Sen. Barry "Spook" Stang (D)
Sen. Fred R. Van Valkenburg (D)

Members Excused: None

Members Absent: None

Staff Present: Jeff Martin, Legislative Services Division
Jody Bird, Judiciary Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing(s) & Date(s) Posted: SB 354, SB 372, March 3, 1997
Executive Action: None

HEARING ON SB 354

Sponsor: SENATOR MIGNON WATERMAN, SD 26, Helena

Proponents: Lowell L. Bartels, McDonald's, Helena and Butte
Betsy Barnhart, Bozeman, self
Paul Cartwright, self
B. A. Brockmeyer, self
Leonard Eckel, Helena small business owner and citizen
Bob Stevens, Bozeman, self
John Toenyes, owner, Elmer's Pancakes and Steaks, Great Falls
Carol Cassie, Mama Cassie's, Great Falls
Fred Weiner, Fred's Mesquite Grill, Bozeman
Jim Crand, small business owner, Bozeman

It is capped because we will have 30-32 more licenses in two years, and if the bill passes we will have half that number.

You do not pay personal property tax on that beer and wine license. Montana has seen a dramatic increase in the value of these licenses. We need to think on how to protect those with current licenses, yet address Montanans who want the same opportunity. I believe McDonald's is an example of good competition, and I urge you to pass this bill for economic development.

HEARING ON SB 372

Sponsor: SENATOR MIGNON WATERMAN, SD 26, Helena

Proponents: Mary Bryson, Director, Department of Revenue
Gordon Morris, Director, Montana Association of Counties (MACO)
John Shontz, Montana Association of Realtors

Opponents: Letter sent in from Carbon County Courthouse Personnel (EXHIBIT 18).

Opening Statement by Sponsor: SENATOR MIGNON WATERMAN, SD 26, Helena. This bill is the product of the concerns of county commissioners and others in the real estate industry about the time it takes to get the name of the current owner of a property on the property tax rolls.

{Tape: 3; Side: A; Approx. Time Count: #30.8; Comments: None}

Right now, they take the owner of record as of January 1 of that year, so even if ownership changed later on, the tax notice would go to the owner on record of January 1. The new owner is then dependent upon the former owner's willingness to forward the tax notice. At times these notices are not forward, and this has resulted in tax delinquencies. "Splits" in the bill have been difficult and controversial, and we have gray bill amendments.

Proponents' Testimony: Mary Bryson, Director, Department of Revenue. We support the bill and believe it is good legislation.

Gordon Morris, Director, Montana Association of Counties (MACO). Governor Racicot heard from people concerning these transfers and convened an interim committee of title companies, treasurers and assessors, and real estate people to study the situation, and they came up with SB 372. There was concern that we could not follow "splits" appropriately, so they were removed from the bill. This legislation takes a step in the right direction to address taxpayers' concerns.

John Shontz, Montana Association of Realtors. We believe the task force effort was a waste of time, because if you buy property in January currently, you would not become the owner of

record until that fall or the following January, and you would not get a tax notice. So, as a buyer, you have no opportunity to object to the taxable valuation of the property.

{Tape: 3; Side: A; Approx. Time Count: #37.6; Comments: None}

The idea here is to put in a real time basis and the name and address of the buyer who then would get a copy of the tax bill, as they are responsible for it. This would avert the possibility of a statutory lien. One piece basically does that: Section 4, page 7, item (b). We have some issues with the bill: 1) the effective date of 1-1-99; 2) reliable evidence; and 3) splits. We oppose the effective date and want to see it put in place on July 1, 1998, at the latest. We believe we will have more foot-dragging if we wait until the next biennium. Our issue with splits is that is sets up a whole other system of splits and non-splits. There needs to be a way to do this the same for everyone whether property is split or not. We also encourage timeliness for notices in the year of transfer only.

Stuart Doggett, Montana Land Title Association. We have received a letter from members regarding the potential problem of reliable as evidence that the grantee is the owner for tax purposes. **(EXHIBIT #19 - Maffei letter)**

Questions From Committee Members and Responses: None

{Tape: 3; Side: B; Approx. Time Count: #00; Comments: 11:35 a.m.}

Closing by Sponsor: **SENATOR WATERMAN.** I apologize for the gray bill **(EXHIBIT 20)**. There are two changes in the gray bill: 1(elimination of land splits; and 2) a change in the effective date. I would be glad to work with these people and the Department on clarifying the bill.

MAFFEI LAW FIRM, PLLC

321 West Park Street
Butte, Montana 59701

SENATE TAXATION
DATE March 11, 1997
EXHIBIT NO. 18
BILL NO. SB 372

MAURICE A. MAFFEI
MOLLIE A. MAFFEI

Telephone (406) 782-1271
Fax (406) 782-1832

March 7, 1997

Montana Land Title Association
Stuart H. Doggett
P.O. Box 6322
Helena, Montana 59604

Dear Stuart:

I have reviewed the contents of Senate Bill #372 and wish to enter my objection to the amendments to the code sections which are proposed by Senate Bill #372.

First, I strongly object to all of the language in the bill which reads that unless the Department receives other reliable evidence that demonstrates that the Grantee is the owner of the property for tax purposes which appears in the Amendment to 15-7-304-2(a),2(b) and in Amendment to 15-8-201-2(b). This language demonstrates that the Department of Revenue is examining titles, which they are not authorized or qualified to do.

The language of 15-8-201 as presently written, without the amendment has been part of our law since Montana became a state. The only amendments to the bill have been since the advent of mobile homes, motor vehicles, boats and other recent innovations.

The law presently reads that the Department shall assess property to the person by whom it was owned, or claimed or in whose possession or control it was as midnight of the preceding January 1.

That is all that is required for the Department of Revenue to assess the property. It is not necessary for the Department to look at previous owners to determine whether or not the Department thinks that the title is good.

The title industry examines titles and insures titles based on the record. When there is a transfer of ownership, the property should immediately be assessed to the new owner regardless of what the Department might consider "reliable evidence".

The Department of Revenue injecting itself into the examination of titles causes problems for we, who do the closings and insure titles.

I also object to the amendment to 15-7-304 in paragraph 2(b). If property is split during the year, trying to assess the split to the individual owners causes a problem not only for those who have to report the splits on the Realty Transfer Certificates, but also to the county treasurers and clerk and recorders.

I am enclosing a copy of a memo sent to the county treasurers and clerk and recorders on January 21, 1997, referring to a bill from which 372 seems to have devolved. The memo outlines the problems which would arise and is probably objectional to the county treasurers.

The State Bar of Montana once set title standards. I served twelve (12) years on the Title Standards Committee of the State Bar of Montana, the last four (4) years as chairman. At that time we disbanded the Title Standards Committee as the State Bar no longer sets title standards. The title industry now sets title standards.

The function of the Department of Revenue is to assess property as required in Section 15-8-201. The Department is not accepting the transfer of title as required by 15-8-201 but is searching the title and making its determination as to who should be assessed for property that is transferred. Although the department denies they are examining titles, that is exactly what they are doing, which amounts to setting title standards.

With forty (40) years experience in the title business, I feel that we are qualified to make the foregoing observations.

Yours very truly,

Maurice A. Maffei
MAM/rd

Enc.

SENATE TAXATION
DATE March 11, 1997
EXHIBIT NO. 19.
BILL NO SB 372

Carbon County Courthouse
Red Lodge MT 59068
February 27, 1996

TO: Senate Taxation Committee
Attention: Gerry Devlin, Chair
State Capitol
Helena MT 59620

Jim Burnett
Senate District #12
HC 50 Box 4460
Luther MT 59068

Alvin Ellis Jr.
House District #23
HC 50 Box 4840
Red Lodge MT 59068

RE: SENATE BILL 372

As personnel 3/11 who will deal with implementation and ramifications of SB 372, we wish to make our concerns known. Enclosed please find several examples of potential problems and questions we have about the bill.

Thank you for your consideration.

Patricia J. May

John E. Quinkert

Roberta Brown

Carbon County Commission Rep

Kathryn A. Smiley

John L. Mikelic

Carbon County Treasurer Rep

Dona (Lisa) Vanderwater

Roger S. Newman

Carbon County Clerk/Recorder Rep

Gary L. Lay

RE: Senate Bill 372

Following are some concerns and questions at the local county level with SB 372, which might be a paperwork/personnel nightmare.

1. Many times a property changes ownership several times during the tax year, and often several subsequent land spits occur. An example: Rancher sells 100 acres agricultural land to buyer #1. Buyer #1 then splits this parcel into ten 10 acre parcels and sells them to buyers #2-#11. Processing these transfers, mailing assessment notices and mailing tax bills for each transaction is a time consuming and confusing process depending upon the taxing time frame. How are these to be processed from January through July before the budgeting process begins? Are these transfers to be processed differently after the budgeting process is begun and finalized? If SB 372 is indicating additional assessment notices and tax bills, then additional staff and funding will be necessary to accomplish not only in the Appraisal/Assessment Office, but also the County Treasurer's Office.

2. If ownership is the sole goal of the bill, perhaps a "MAIL TO:" process could be implemented for new owners on straight transfers, this retaining the vested ownership as of a January 1 assessment date.

3. Proration of taxes for transfers and splits are now handled at the discretion of the buyer and seller and closing agent who are familiar with the particular details of the closing. If proration becomes the responsibility of the county offices, again, it is costly in terms of personnel and time, plus puts the burden on staff who are not familiar with the details of the sale. Can taxpayers not take some responsibility for their own affairs? An example: As it is now generally handled, in straight transfers, the seller pays his share of the taxes at closing and then the buyer is responsible for the entire tax bill. With SB 372, the seller, who no longer has any interest in the property, receives a tax bill for his portion. Since he has no interest, what incentive does he have to pay? He tosses the bill in the garbage. The tax lien becomes the buyer's responsibility!

4. In order for certificates of survey involving the splitting of land to be recorded, the taxes must be paid in full BEFORE recording. Would SB 372 still require staff to take the time to figure reallocation of taxes?

5. Per 15-7-304(2)(b) and 15-8-201(2)(b), the reallocation of taxes will be processed prior to the "time taxes are determined." The taxable value is statutorily established the 2nd Monday in July; mill levies are set by the 3rd Monday in August. The deadline established by 15-10-305(1)(b) is the 2nd Monday in October long after budgets and mill levies have been set. Are splits and transfers to be processed under this bill AFTER the

deadline?

Also, if splits involve land reclassification, are they to be processed after the taxable value has been certified in July? An example of a split with reclassification assuming school district #1 mills of 328.04 for 1996: 100 acres of ag land (grade 6 grazing @ $8.57 per acre) equals $10.83 taxes for full year. If this is split into ten 10 acre tracts, the land will be reclassified as suburban tract ($2,500 per acre) equals $3,165.60 taxes for full year. If sold in July and prorated, would a tax bill be sent to the seller for $5.42 (½ year taxes) and each new buyer sent a tax bill for $158.28? (½ year taxes on new classification) Does not this skew the certified taxable and subsequent budgeting/mill levy figures? Also what happens if this particular seller pays the ag taxes in full so there are no taxes owing on the newly created parcels, but another seller under similar circumstances chooses not to pay? Is this tax equity?

In summary, we believe that the bill may create more problems than it will solve. Perhaps another approach such as the mail to format could solve the problems with ownership changes without creating a fiasco.

SENATE TAXATION
DATE March 11, 1997
EXHIBIT NO. 20 SB0372.01

Senate Bill No. 372 SB372 3-11-97 Ex

Introduced By

A Bill for an Act entitled: "An Act requiring the department of revenue, upon a timely showing of reliable evidence of a change in ownership or reliable evidence of a land split conveyance resulting in a change of ownership except in the case of land splits to change the current ownership records; providing that at the option of the taxpayers in a land split the department may recompute the current year's taxes based upon the percentage of ownership of each owner; amending sections 15-7-102, 15-7-304, 15-8-201, and 15-10-305, and 15-16-101, MCA; and providing a delayed effective date and an applicability date."

Be it enacted by the Legislature of the State of Montana:

NEW SECTION. **Section 1. Land split.** A land split is the conveyance or transfer of a portion of a parcel of land that will require the department to change its ownerships records for the results in the original parcel to show the creation of being divided into one or more new parcels under a new ownership.

Section 2. Section 15-7-102, MCA, is amended to read

"15-7-102. Notice of classification and appraisal to owners -- appeals. (1) (a) The department shall mail to each owner or purchaser under contract for deed a notice of the classification of the land owned or being purchased and the appraisal of the improvements on the land only if one or more of the following changes pertaining to the land or improvements have been made since the last notice:

(i) change in ownership;

(ii) change in classification;

(iii) change in valuation; or

(iv) addition or subtraction of personal property affixed to the land.

(b) The notice must include the following for the taxpayer's informational purposes:

(i) the total amount of mills levied against the property in the prior year;

(ii) the amount of the prior year's taxes resulting from levied mills;

(iii) an estimate of the current year's taxes based on the prior year's mills; and

(iv) a statement that the notice is not a tax bill.

(c) Any misinformation provided in the information required by subsection (1)(b) does not affect the validity of the notice and may not be used as a basis for a challenge of the legality of the notice.

(2) (a) The department shall assign each assessment to the

correct owner or purchaser under contract for deed and mail the notice of classification and appraisal on a standardized form, adopted by the department, containing sufficient information in a comprehensible manner designed to fully inform the taxpayer as to the classification and appraisal of the property and of changes over the prior tax year.

(b) The department is not required by subsection (a) to mail a notice of classification and appraisal to a new owner or purchaser under contract for deed if information required by [section 2] for making a change in property ownership records is not provided to the department or processed until after all the notices required by subsection (a) are mailed. The date of mailing shall be the date reported to the County Tax Appeal Board pursuant to 15-15-101.

~~(b)~~ (c) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an appeal of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in 15-1-402.

(3) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the market value of the property as determined by the department or with the classification of the land or improvements, the owner may request an assessment review by submitting an objection in writing to the department, on forms provided by the department for that purpose, within 30 days after receiving the notice of classification and appraisal from the department. The review must be conducted informally and is not subject to the contested case procedures of the Montana

Administrative Procedure Act. As a part of the review, the department may consider the actual selling price of the property, independent appraisals of the property, and other relevant information presented by the taxpayer in support of the taxpayer's opinion as to the market value of the property. The department shall give reasonable notice to the taxpayer of the time and place of the review. After the review, the department shall determine the correct appraisal and classification of the land or improvements and notify the taxpayer of its determination. In the notification, the department shall state its reasons for revising the classification or appraisal. When the proper appraisal and classification have been determined, the land must be classified and the improvements appraised in the manner ordered by the department.

(4) Whether a review as provided in subsection (3) is held or not, the department may not adjust an appraisal or classification upon the taxpayer's objection unless:

(a) the taxpayer has submitted an objection in writing; and

(b) the department has stated its reason in writing for making the adjustment.

(5) A taxpayer's written objection to a classification or appraisal and the department's notification to the taxpayer of its determination and the reason for that determination are public records. The department shall make the records available for inspection during regular office hours.

(6) If any property owner feels aggrieved by the

classification or appraisal made by the department after the review provided for in subsection (3), the property owner has the right to first appeal to the county tax appeal board and then to the state tax appeal board, whose findings are final subject to the right of review in the courts. The appeal to the county tax appeal board must be filed within 30 days after notice of the department's determination is mailed to the taxpayer. A county tax appeal board or the state tax appeal board may consider the actual selling price of the property, independent appraisals of the property, and other relevant information presented by the taxpayer as evidence of the market value of the property. If the county tax appeal board or the state tax appeal board determines that an adjustment should be made, the department shall adjust the base value of the property in accordance with the board's order."

Section 3. Section 15-7-304, MCA, is amended to read:

"**15-7-304. Report of transfers -- change of ownership records.** (1) All transfers of real property that are not evidenced by a recorded document, except those transfers otherwise provided for in this part, must be reported to the department on the form prescribed.

(2) (a) The department is not required to change any ownership records used for the assessment or taxation of real property unless the department ~~has received~~ receives a transfer certificate from the clerk and recorder or other reliable evidence that demonstrates that the grantee is the owner of the property for tax purposes and the transfer has been reported to the department

as provided by rule. If the grantor on the transfer certificate is not the person to whom the property is assessed on the property tax record, the department may not substitute the grantee's name on the certificate for the name of the current person listed on the property tax record, but the department shall add the grantee's name to the property tax record with the name of the person to whom the property is assessed. The department shall mail notification of the change to the person to whom the property is assessed and to the grantee. The department shall substitute the grantee's name on the property tax record when reliable evidence demonstrates that the grantee is the owner of the property for tax purposes.

(b) If the parties to a land split wish to receive separate tax notices for each parcel in the land split in the current year they shall provide a reallocation percentage to the department. The department shall provide a space on the transfer certificate for the parties to list the percentage of assessed value that each party received of the total assessed value of the land, the improvements, and any personal property subject to tax liens against the real property. The department shall use the percentage as the basis for dividing the assessed value among the parties if reliable evidence demonstrates that the grantee is the owner of the property for tax purposes and the evidence has been provided and processed prior to the time taxes are determined. If the parties to a conveyance do not list a reallocation percentage or do not provide reliable evidence that demonstrates that the grantee is the owner of the property for tax purposes or if the request is

untimely, the department shall add the grantee's name to the property tax statement along with the name of the person to whom the property has previously been assessed."

Section 4. Section 15-8-201, MCA, is amended to read:

"**15-8-201. General assessment day.** (1) The department shall, between January 1 and the second Monday of July in each year, ascertain the names of all taxable inhabitants and assess all property subject to taxation in each county.

(2) The department shall assess property to:

(a) the person by whom it was owned or claimed or in whose possession or control it was at midnight of the preceding January 1; or

(b) the new owner if reliable evidence has been received and processed prior to determining the taxes that are due as provided in 15-7-302(2)(a) except in the case of land splits.

(3) The department shall also ascertain and assess all mobile homes arriving in the county after midnight of the preceding January 1.

(4) A mistake in the name of the owner or supposed owner of real property does not invalidate the assessment.

~~(2)~~(5) The procedure provided by this section does not apply to:

(a) motor vehicles that are required by 15-8-202 to be assessed on January 1 or upon their anniversary registration date;

(b) motor homes, travel trailers, and campers;

(c) watercraft;

(d) livestock;

(e) property defined in 61-1-104 as "special mobile equipment" that is subject to assessment for personal property taxes on the date that application is made for a special mobile equipment plate;

(f) mobile homes held by a distributor or dealer of mobile homes as stock in trade; and

(g) property subject to the provisions of 15-16-203.

~~(3)~~ (6) Credits must be assessed as provided in 15-1-101(1)(f)."

Section 5. Section 15-10-305, MCA, is amended to read:

"**15-10-305. Clerk and recorder to report mill levy -- department to compute and enter taxes.** (1) (a) ~~The~~ Except as provided in subsection (1)(b), the The county clerk and recorder shall by the third Monday in August notify the department of the number of mills needed to be levied for each taxing jurisdiction in the county. The department shall compute the taxes by multiplying the number of mills times the taxable value of the property to be taxed and shall add any fees or assessments required to be levied against a person owning property. All taxes, fees, and assessments must be itemized for the property listed in the property tax record.

(b) The department shall not compute the current year's taxes for conveyances that result in a land split as defined in [section

1] compute the current year's taxes based upon the reallocation percentage provided for in 15-7-304(2)(b) if the department is able to do so without violating the deadline provided in subsection (2). The department is not required to include the name of the new owner in the computation of the amount of taxes, fees, and assessments to be levied against property which is part of a land conveyance if including the new owner's name would cause the department to violate the deadline provided in subsection (2).

(2) The department shall complete the computation of the amount of taxes, fees, and assessments to be levied against the property and shall notify the county clerk and recorder and the county treasurer by the second Monday in October."

Section 6. Section 15-16-101, MCA, is amended to read:

"15-16-101. Treasurer to publish notice -- manner of publication. (1) Within 10 days after the receipt of the property tax record, the county treasurer shall publish a notice specifying:

(a) that one-half of all taxes levied and assessed will be due and payable before 5 p.m. on the next November 30 or within 30 days after the notice is postmarked and that unless paid prior to that time the amount then due will be delinquent and will draw interest at the rate of 5/6 of 1% per month from the time of delinquency until paid and 2% will be added to the delinquent taxes as a penalty;

(b) that one-half of all taxes levied and assessed will be due and payable on or before 5 p.m. on the next May 31 and that

unless paid prior to that time the taxes will be delinquent and will draw interest at the rate of 5/6 of 1% per month from the time of delinquency until paid and 2% will be added to the delinquent taxes as a penalty; and

(c) the time and place at which payment of taxes may be made.

(2) The county treasurer shall send to the last-known address of each taxpayer a written notice, postage prepaid, showing the amount of taxes and assessments due for the current year, including taxes computed by the department due to reallocation for land splits as provided in 15-7-304(2)(b), and the amount due and delinquent for other years. The written notice must include:

(a) the taxable value of the property;

(b) the total mill levy applied to that taxable value;

(c) the value of each mill in that county;

(d) itemized city services and special improvement district assessments collected by the county;

(e) the number of the school district in which the property is located; and

(f) the amount of the total tax due that is levied as city tax, county tax, state tax, school district tax, and other tax.

(3) The municipality shall, upon request of the county treasurer, provide the information to be included under subsection (2)(d) ready for mailing.

(4) The notice in every case must be published once a week for 2 weeks in a weekly or daily newspaper published in the county, if there is one, or if there is not, then by posting it in three

public places. Failure to publish or post notices does not relieve the taxpayer from any tax liability. Any failure to give notice of the tax due for the current year or of delinquent tax will not affect the legality of the tax."

NEW SECTION. Section 7. 6. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 15, chapter 7, part 1, and the provisions of Title 15, chapter 7, part 1, apply to [section 1].

NEW SECTION. Section 8.7. Applicability. [This act] applies to all conveyances and transfers of property resulting in a change of ownership effective after December 31, 1997 1998.

NEW SECTION. Section 9. 8. Effective date -- rulemaking. (1) Except as provided in subsection (2), [this act] is effective January 1, 1998 for tax years beginning after December 31, 1998.

(2) The department may commence rulemaking to implement the provisions of [this act] prior to January 1, 1998 1999, but the date rules are adopted implementing [this act] may not be earlier than January 1, 1998 1999.

-END-

MONTANA SENATE
1997 LEGISLATURE
TAXATION COMMITTEE

ROLL CALL DATE March 11, 1997

NAME	PRESENT	ABSENT	EXCUSED
MACK COLE	✓		
BOB DE PRATU	✓		
DOROTHY ECK	✓		
BILL GLASER	✓		
MIKE SPRAGUE	✓		
BARRY "SPOOK" STANG	✓		
FRED VAN VALKENBURG	✓		
MIKE FOSTER, VICE CHAIRMAN	✓		
GERRY DEVLIN, CHAIRMAN	✓		

SEN:1997
wp.rollcall.man
CS-09

DATE 3-11-97

SENATE COMMITTEE ON Taxation

BILLS BEING HEARD TODAY: SB 354, SB 372

< ■ > PLEASE PRINT < ■ >

Name	Representing	Bill No.	Check One: Support	Oppose
BRIAN COTE	Coyotes Fort Circle	354		X
John H. Greenwood	Frenchtown Club	354		X
Joe Clubbard	DOMINO'S CASINO	354		X
Bruce Fowler	Mustang Saloon Mbs.	354		X
Bea Caracciolo	Christina's Restaurant	354	✓	
LARRY AKEY	MT COIN MACHINE OPS	354		✓
Bill Watson	City Bar Great Falls	354		
Gordon Morris	MACO	372	✓	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

REGISTER.F10

MINUTES

MONTANA SENATE
55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN GERRY DEVLIN**, on March 18, 1997, at 8:00 a.m., in Room 413.

ROLL CALL

Members Present:
Sen. Gerry Devlin, Chairman (R)
Sen. Mike Foster, Vice Chairman (R)
Sen. Mack Cole (R)
Sen. Bob DePratu (R)
Sen. Dorothy Eck (D)
Sen. Wm. E. "Bill" Glaser (R)
Sen. Mike Sprague (R)
Sen. Barry "Spook" Stang (D)
Sen. Fred R. Van Valkenburg (D)

Members Excused: None

Members Absent: None

Staff Present: Jeff Martin, Legislative Services Division
Renée Podell, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing(s) & Date(s) Posted: SB 393; SB 391
Executive Action: SB 362 (TABLED);
SB 373 (TABLED)

HEARING ON SB 393

{Tape: 1; Side: A; Approx. Time Count: .7; Comments: None.}

Sponsor: **SEN. MIKE TAYLOR, SD 37, PROCTOR**

Proponents:

Jerry Driscoll, Montana State Building Trades Council
Riley Johnson, National Federation of Independent Business

Opponents: **None**

MOTION: **SEN. DOROTHY ECK MOVED TO TABLE SB 362. MOTION CARRIED UNANIMOUSLY.**

BRIEF DISCUSSION OF SB 372 - Amendments still being prepared.

EXECUTIVE ACTION ON SB 373

{Tape: 1; Side: A; Approx. Time Count: 94.5; Comments: The executive action on this bill is noted on Renee's handwritten minutes but is not recorded on tape.}

MOTION: **SEN. BOB DEPRATU MOVED SB 373 BE TABLED. MOTION CARRIED UNANIMOUSLY.**

MINUTES

MONTANA SENATE
55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN GERRY DEVLIN**, on March 24, 1997, at 9:04 a.m., in Room 413.

ROLL CALL

Members Present:
Sen. Gerry Devlin, Chairman (R)
Sen. Mike Foster, Vice Chairman (R)
Sen. Mack Cole (R)
Sen. Bob DePratu (R)
Sen. Dorothy Eck (D)
Sen. Wm. E. "Bill" Glaser (R)
Sen. Mike Sprague (R)
Sen. Barry "Spook" Stang (D)
Sen. Fred R. Van Valkenburg (D)

Members Excused: None

Members Absent: None

Staff Present: Jeff Martin, Legislative Services Division
Meg Angell, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing(s) & Date(s) Posted: None
Executive Action: HJR 2; SB 389; SB 372; HB 566

EXECUTIVE ACTION ON HJR 2

MOTION: SEN. MIKE FOSTER MOVED HJR 2 BE ADOPTED.
{Tape: 1; Side: A; Approx. Time Count: .7; Comments: None.}

DISCUSSION: Committee members made the following comments:

SEN. MIKE FOSTER: The numbers were too low but the House increased them by approximately $27 million. He supports that increase.

SEN. BARRY STANG: He was not happy with the Budget Office presentation the first time around. The figures are now more realistic.

SEN. MACK COLE: He agrees with **SENATORS FOSTER AND STANG.**

SEN. DOROTHY ECK: She believes the income tax estimate is still low.

VOTE: MOTION CARRIED UNANIMOUSLY.
{Tape: 1; Side: A; Approx. Time Count: 5.8; Comments: None.}

SEN. DELWYN GAGE will be asked to carry the bill. If he declines, either **SEN. FOSTER** or **SEN. STANG** will carry the bill.

EXECUTIVE ACTION ON SB 389

MOTION: SEN. STANG MOVED DO PASS ON SB 389.
{Tape: 1; Side: A; Approx. Time Count: 6.5; Comments: None.}

MOTION: SEN. STANG MOVED THE AMENDMENTS. **EXHIBITS 1 & 2**
{Tape: 1; Side: A; Approx. Time Count: 10.5; Comments: None.}

EXPLANATION OF AMENDMENTS: Jeff Martin, Legislative Services Division.

VOTE: MOTION CARRIED 7-2 with SEN. ECK and SEN. VAN VALKENBURG voting no.
{Tape: 1; Side: A; Approx. Time Count: 17.8; Comments: None.}

DISCUSSION: There was further discussion of the amendments with input provided by Jeff Martin, LSD, and Mary Whittinghill, Department of Revenue.

MOTION/VOTE: SEN. STANG MOVED THE BILL AS AMENDED. MOTION CARRIED 8-1 with SEN. GLASER voting no.
{Tape: 1; Side: A; Approx. Time Count: 24.5; Comments: None.}

EXECUTIVE ACTION ON SB 372

MOTION: SEN. DOROTHY ECK MOVED DO PASS ON SB 372.
{Tape: 1; Side: a; Approx. Time Count: 24.6; Comments: None.}
EXHIBIT 3

DISCUSSION: Jeff Martin provides an explanation of the Amendments (Exhibit 3). Ms. Whittinghill clarifies what the effects of the bill will be as it relates to the process which will take place in the county treasurers' offices.

MOTION: SEN. ECK MOVED THE AMENDMENTS.
{Tape: 1; Side: A; Approx. Time Count: 30.8; Comments: None.}

DISCUSSION: **SEN. FRED VAN VALKENBURG** references the objections made by the Federation of Property Assessment people (FPA) - he questions if these amendments address the FPA's concerns.

Ms. Whittinghill indicates the concerns are taken care of by the amendments.

SEN. MACK COLE raises the issue of whether or not there is a need for the bill. **SEN. MIKE FOSTER** responds by asking if the sponsor of the bill is in support of the amendments. **JEFF MARTIN** responds the sponsor is in support of the amendments. **SEN. FOSTER** comments that the Committee's making decisions based on the concerns of the people who administer the changes is not good tax policy.

VOTE: **MOTION CARRIED 5-4 with CHAIRMAN DEVLIN, SEN. COLE, SEN. GLASER and SEN. STANG voting no.**
{Tape: 1; Side: A; Approx. Time Count: 40.8; Comments: None.}

EXECUTIVE ACTION ON HB 566

MOTION/VOTE: **SEN. VAN VALKENBURG MOVED HB 566 BE CONCURRED IN. MOTION CARRIED UNANIMOUSLY.**
{Tape: 1; Side: A; Approx. Time Count: 41.9; Comments: None.}

SEN. J.D. LYNCH will carry the bill.

COMMITTEE BUSINESS: Brief explanation of bills which are yet to be acted upon or heard by the Committee.

EXHIBITS 4 - 7

Exhibits 4-7 are information and forms provided by the IRS as requested by the Committee in reference to HB 434 - Tax Credit for Endowed Philanthropy.

EXHIBIT 3
DATE 3/24/97
SB 372

Amendments to Senate Bill No. 372
First Reading Copy

For the Committee on Taxation

Prepared by Jeff Martin
March 17, 1997

1. Title, line 5.
Strike: "OF RELIABLE EVIDENCE"
Following: "OR"
Strike: "RELIABLE EVIDENCE"

2. Title, line 6.
Strike: "SPLIT"
Insert: "CONVEYANCE"
Following: the first "OWNERSHIP"
Insert: ", EXCEPT IN THE CASE OF LAND SPLITS,"

3. Title, lines 7 through 9.
Strike: line 7 through "OWNER;" on line 9

4. Title, line 9.
Strike: "15-7-304"
Insert: "15-7-102"

5. Title, line 9.
Following: "15-8-201,"
Insert: "AND"
Strike: "AND 15-16-101,"

6. Page 1, line 18 through page 2 line 13.
Strike: section 2 in its entirety
Insert: "**Section 2.** Section 15-7-102, MCA, is amended to read:

"**15-7-102. Notice of classification and appraisal to owners -- appeals.** (1) (a) The department shall mail to each owner or purchaser under contract for deed a notice of the classification of the land owned or being purchased and the appraisal of the improvements on the land only if one or more of the following changes pertaining to the land or improvements have been made since the last notice:

(i) change in ownership;

(ii) change in classification;

(iii) change in valuation; or

(iv) addition or subtraction of personal property affixed to the land.

(b) The notice must include the following for the taxpayer's informational purposes:

(i) the total amount of mills levied against the property in the prior year;

(ii) the amount of the prior year's taxes resulting from levied mills;

(iii) an estimate of the current year's taxes based on the prior year's mills; and

(iv) a statement that the notice is not a tax bill.

(c) Any misinformation provided in the information required by subsection (1)(b) does not affect the validity of the notice and may not be used as a basis for a challenge of the legality of the notice.

(2) (a) ~~The~~ Except as provided in subsection (2)(c), the department shall assign each assessment to the correct owner or purchaser under contract for deed and mail the notice of classification and appraisal on a standardized form, adopted by the department, containing sufficient information in a comprehensible manner designed to fully inform the taxpayer as to the classification and appraisal of the property and of changes over the prior tax year.

(b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an appeal of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in 15-1-402.

(c) The department is not required to mail the notice of classification and appraisal to a new owner or purchaser under contract for deed unless the department has received the transfer certificate from the clerk and recorder as provided in 15-7-304 and has processed the certificate before the notices required by subsection (2)(a) are mailed. The date of mailing is the date reported to the county tax appeal board pursuant to 15-15-101.

(3) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the market value of the property as determined by the department or with the classification of the land or improvements, the owner may request an assessment review by submitting an objection in writing to the department, on forms provided by the department for that purpose, within 30 days after receiving the notice of classification and appraisal from the department. The review must be conducted informally and is not subject to the contested case procedures of the Montana Administrative Procedure Act. As a part of the review, the department may consider the actual selling price of the property, independent appraisals of the property, and other relevant information presented by the taxpayer in support of the taxpayer's opinion as to the market value of the property. The department shall give reasonable notice to the taxpayer of the time and place of the review. After the review, the department shall determine the correct appraisal and classification of the land or improvements and notify the taxpayer of its determination. In the notification, the department shall state its reasons for revising the classification or appraisal. When the proper appraisal and classification have been determined, the land must be classified and the improvements appraised in the manner ordered by the department.

(4) Whether a review as provided in subsection (3) is held or not, the department may not adjust an appraisal or classification upon the taxpayer's objection unless:

(a) the taxpayer has submitted an objection in writing; and

(b) the department has stated its reason in writing for making the adjustment.

(5) A taxpayer's written objection to a classification or appraisal and the department's notification to the taxpayer of its determination and the reason for that determination are

public records. The department shall make the records available for inspection during regular office hours.

(6) If any property owner feels aggrieved by the classification or appraisal made by the department after the review provided for in subsection (3), the property owner has the right to first appeal to the county tax appeal board and then to the state tax appeal board, whose findings are final subject to the right of review in the courts. The appeal to the county tax appeal board must be filed within 30 days after notice of the department's determination is mailed to the taxpayer. A county tax appeal board or the state tax appeal board may consider the actual selling price of the property, independent appraisals of the property, and other relevant information presented by the taxpayer as evidence of the market value of the property. If the county tax appeal board or the state tax appeal board determines that an adjustment should be made, the department shall adjust the base value of the property in accordance with the board's order.""

7. Page 2, line 22.
Following: "(b)"
Insert: "except in the case of land splits,"
Strike: "reliable evidence"
Insert: "the provisions of 15-7-304 have been met and the transfer certificate"

8. Page 3, line 12.
Strike: "Except" through "the"
Insert: "The"

9. Page 3, line 14.
Strike: "The"
Insert: "Except as provided in subsection (1)(b), the"

10. Page 3, line 18.
Strike: "shall"
Insert: "may not"

11. Page 3, lines 18 and 19.
Strike: "based" on line 18 through "violating" on line 19
Insert: "for conveyances that result in a land split, as described in [section 1]. The department is not required to include the name of the new owner in the computation of the amount of taxes, fees, and assessments to be levied against property that is part of a land conveyance if including the new owner's name would cause the department to violate"

12. Page 3, line 25 through page 4, line 23.
Strike: section 5 in its entirety
Renumber: subsequent sections

13. Page 4, line 29.
Following: "**Applicability**"
Insert: "(1)"

14. Page 4, line 30.
Strike: "1997"
Insert: "1998"

15. Page 4.
Following: line 30
Insert: "(2) [This act] applies to tax years beginning after December 31, 1998."

16. Page 5, lines 2, 4, and 5.
Strike: "1998"
Insert: "1999"

MONTANA SENATE
1997 LEGISLATURE
TAXATION COMMITTEE

ROLL CALL DATE 3/24/97

NAME	PRESENT	ABSENT	EXCUSED
MACK COLE	✓		
BOB DE PRATU	✓		
DOROTHY ECK	✓		
BILL GLASER	✓		
MIKE SPRAGUE	✓		
BARRY "SPOOK" STANG	✓		
FRED VAN VALKENBURG	✓		
MIKE FOSTER, VICE CHAIRMAN	✓		
GERRY DEVLIN, CHAIRMAN	✓		

SEN:1997
wp.rollcall.man
CS-09

MONTANA SENATE
1997 LEGISLATURE
TAXATION COMMITTEE
ROLL CALL VOTE

DATE 3/24/97 BILL NO. SB 372 NUMBER 2

MOTION: Bill As Amended

NAME	AYE	NO
GERRY DEVLIN, CHAIRMAN		✓
MACK COLE		✓
BOB DE PRATU	✓	
DOROTHY ECK	✓	
BILL GLASER		✓
MIKE SPRAGUE	✓	
BARRY "SPOOK" STANG		✓
FRED VAN VALKENBURG	✓	
MIKE FOSTER, VICE CHAIRMAN	✓	
	5	4

SEN:1997
wp:rlclvote.man
CS-11

SENATE STANDING COMMITTEE REPORT

MR. PRESIDENT:
We, your committee on Taxation having had under consideration Senate Bill 372 (first reading copy -- white), respectfully report that Senate Bill 372 be amended as follows and as so amended do pass.

Signed: _____
Senator Gerry Devlin, Chair

That such amendments read:

1. Title, line 5.
Strike: "OF RELIABLE EVIDENCE"
Following: "OR"
Strike: "RELIABLE EVIDENCE"

2. Title, line 6.
Strike: "SPLIT"
Insert: "CONVEYANCE"
Following: the first "OWNERSHIP"
Insert: ", EXCEPT IN THE CASE OF LAND SPLITS,"

3. Title, lines 7 through 9.
Strike: line 7 through "OWNER;" on line 9

4. Title, line 9.
Strike: "15-7-304"
Insert: "15-7-102"

5. Title, line 9.
Following: "15-8-201,"
Insert: "AND"
Strike: "AND 15-16-101,"

6. Page 1, line 18 through page 2 line 13.
Strike: section 2 in its entirety
Insert: "**Section 2.** Section 15-7-102, MCA, is amended to read:
"**15-7-102. Notice of classification and appraisal to owners -- appeals.** (1) (a) The department shall mail to each owner or purchaser under contract for deed a notice of the classification of the land owned or being purchased and the appraisal of the improvements on the land only if one or more of the following changes pertaining to the land or improvements have

been made since the last notice:

(i) change in ownership;

(ii) change in classification;

(iii) change in valuation; or

(iv) addition or subtraction of personal property affixed to the land.

(b) The notice must include the following for the taxpayer's informational purposes:

(i) the total amount of mills levied against the property in the prior year;

(ii) the amount of the prior year's taxes resulting from levied mills;

(iii) an estimate of the current year's taxes based on the prior year's mills; and

(iv) a statement that the notice is not a tax bill.

(c) Any misinformation provided in the information required by subsection (1)(b) does not affect the validity of the notice and may not be used as a basis for a challenge of the legality of the notice.

(2) (a) ~~The~~ Except as provided in subsection (2)(c), the department shall assign each assessment to the correct owner or purchaser under contract for deed and mail the notice of classification and appraisal on a standardized form, adopted by the department, containing sufficient information in a comprehensible manner designed to fully inform the taxpayer as to the classification and appraisal of the property and of changes over the prior tax year.

(b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an appeal of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in 15-1-402.

(c) The department is not required to mail the notice of classification and appraisal to a new owner or purchaser under contract for deed unless the department has received the transfer certificate from the clerk and recorder as provided in 15-7-304 and has processed the certificate before the notices required by subsection (2)(a) are mailed. The date of mailing is the date reported to the county tax appeal board pursuant to 15-15-101.

(3) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the market value of the property as determined by the department or with the classification of the land or improvements, the owner may request an assessment review by submitting an objection in writing to the department, on forms provided by the department for that purpose, within 30 days after receiving the notice of classification and appraisal from the department. The review must be conducted informally and is not subject to the contested case procedures of the Montana Administrative Procedure Act. As a part of the

review, the department may consider the actual selling price of the property, independent appraisals of the property, and other relevant information presented by the taxpayer in support of the taxpayer's opinion as to the market value of the property. The department shall give reasonable notice to the taxpayer of the time and place of the review. After the review, the department shall determine the correct appraisal and classification of the land or improvements and notify the taxpayer of its determination. In the notification, the department shall state its reasons for revising the classification or appraisal. When the proper appraisal and classification have been determined, the land must be classified and the improvements appraised in the manner ordered by the department.

(4) Whether a review as provided in subsection (3) is held or not, the department may not adjust an appraisal or classification upon the taxpayer's objection unless:

(a) the taxpayer has submitted an objection in writing; and

(b) the department has stated its reason in writing for making the adjustment.

(5) A taxpayer's written objection to a classification or appraisal and the department's notification to the taxpayer of its determination and the reason for that determination are public records. The department shall make the records available for inspection during regular office hours.

(6) If any property owner feels aggrieved by the classification or appraisal made by the department after the review provided for in subsection (3), the property owner has the right to first appeal to the county tax appeal board and then to the state tax appeal board, whose findings are final subject to the right of review in the courts. The appeal to the county tax appeal board must be filed within 30 days after notice of the department's determination is mailed to the taxpayer. A county tax appeal board or the state tax appeal board may consider the actual selling price of the property, independent appraisals of the property, and other relevant information presented by the taxpayer as evidence of the market value of the property. If the county tax appeal board or the state tax appeal board determines that an adjustment should be made, the department shall adjust the base value of the property in accordance with the board's order.""

7. Page 2, line 22.
Following: "(b)"
Insert: "except in the case of land splits,"
Strike: "reliable evidence"
Insert: "the provisions of 15-7-304 have been met and the transfer certificate"

8. Page 3, line 12.
Strike: "Except" through "the"
Insert: "The"

9. Page 3, line 14.
Strike: "The"
Insert: "Except as provided in subsection (1)(b), the"

10. Page 3, line 18.
Strike: "shall"
Insert: "may not"

11. Page 3, lines 18 and 19.
Strike: "based" on line 18 through "violating" on line 19
Insert: "for conveyances that result in a land split, as described in [section 1]. The department is not required to include the name of the new owner in the computation of the amount of taxes, fees, and assessments to be levied against property that is part of a land conveyance if including the new owner's name would cause the department to violate"

12. Page 3, line 25 through page 4, line 23.
Strike: section 5 in its entirety
Renumber: subsequent sections

13. Page 4, line 29.
Following: "**Applicability.**"
Insert: "(1)"

14. Page 4, line 30.
Strike: "1997"
Insert: "1998"

15. Page 4.
Following: line 30
Insert: "(2) [This act] applies to tax years beginning after December 31, 1998."

16. Page 5, lines 2, 4, and 5.
Strike: "1998"
Insert: "1999"

-END-

HOUSE TAXATION

BILL NO	REFERRED	HEARING	OTHER CONSIDERATION DATES	EXECUTIVE ACTION/DATE/VOTE	REREFERRED	DATE READ
SB0177	FOSTER, MIKE		EXPAND $800 ELDERLY INTEREST EXCLUSION TO INCLUDE DIVIDEND INCOME			
	2/11	3/19	3/11	TABLED ON 3/19 VOTE: 12-8		
SB0184	FOSTER, MIKE		ALLOW INDIVIDUAL INCOME TAX CREDIT FOR DEPENDENT CARE SERVICES			
	2/08	3/19	3/11	TABLED ON 03/19 VOTE: 11-9		
SB0191	HARGROVE, DON		PROVIDING FOR CREATION, BY ELECTION, OF RESORT AREA DISTRICT; DIRECTORS; ETC			
	2/10	3/05		CONCUR 3/5 VOTE: 15-5		3/06
SB0195	HARP, JOHN		ELIMINATE EFFECT OF PROPERTY REAPPRAISAL CYCLE FOR CLASS 3, 4 & 10 PROPERTY			
	2/05	2/20		CONCUR AS AMENDED 3/14 VOTE: 12-8		3/15
SB0211	DEVLIN, GERRY		PROPERTY TAX CONSTITUTIONAL AMENDMENT			
	3/03	3/10	4/11, 4/14	NO ACTION VOTE:		
SB0213	MAHLUM, DALE		REVISE PROPERTY TAX EXEMPTION FOR DISABLED VETERAN OR SURVIVING SPOUSE			
	2/10	3/05		CONCUR 3/5 VOTE: 19-1		3/06
SB0272	AKLESTAD, GARY		EXTEND INHERITANCE TAX EXEMPTION FOR STEPCHILDREN			
	3/03	3/24		CONCUR AS AMENDED 4/9 VOTE: 15-5		4/09
SB0300	THOMAS, FRED		REVISE TAXATION OF CLASS SIX PERSONAL PROPERTY INTENDED FOR RENTAL OR LEASE			
	3/03	3/28		CONCUR AS AMENDED 4/9 VOTE: 20-0		4/09
SB0319	STANG, BARRY		REVISE PROPERTY TAX LIMITATIONS UNDER I-105			
	3/03	3/10		TABLED ON 03/14 VOTE: 17-2		
SB0336	HALLIGAN, MIKE		EXTEND RECYCLING TAX CREDIT TERMINATION DATE			
	3/10	3/28		CONCUR 4/9 VOTE: 18-2		4/09
SB0372	WATERMAN, MIGNON		REVISE PROPERTY TAX RECORDS FOR CHANGE OF OWNERSHIP, EXCEPT LAND SPLIT CASES			
	4/03	4/07		CONCUR AS AMENDED 4/19 VOTE: 18-2		4/09
SB0386	GAGE, DELWYN		CLARIFY DISTRIBUTION OF OIL AND NATURAL GAS PRODUCTION TAXES			
	3/18	3/28		CONCUR AS AMENDED 4/10 VOTE: 19=1		4/11

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Chase Hibbard, on April 7, 1997, at 8:00 a.m., in Room 437.

ROLL CALL

Members Present:

Rep. Chase Hibbard, Chairman (R)
Rep. Robert R. Story, Jr., Vice Chairman (Majority) (R)
Rep. Robert R. "Bob" Ream, Vice Chairman (Minority) (D)
Rep. Peggy Arnott (R)
Rep. Paul Bankhead (R)
Rep. John C. Bohlinger (R)
Rep. Bill Carey (D)
Rep. Alvin A. Ellis, Jr. (R)
Rep. Marian W. Hanson (R)
Rep. Hal Harper (D)
Rep. Dan W. Harrington (D)
Rep. Rick Jore (R)
Rep. Scott J. Orr (R)
Rep. Bob Raney (D)
Rep. John "Sam" Rose (R)
Rep. William M. "Bill" Ryan (D)
Rep. Richard D. Simpkins (R)
Rep. Emily Swanson (D)
Rep. Lila V. Taylor (R)
Rep. Jack Wells (R)

Members Excused: None.

Members Absent: None.

Staff Present: Lee Heiman, Legislative Services Division
Donna Grace, Committee Secretary

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 372 (4/2)
SB 389 (4/2)
SB 392 (4/2)
SB 393 (4/2)

Executive Action: None.

Opponents' Testimony:

None.

Informational Testimony:

None.

Questions From Committee Members and Responses:

{Tape: 4; Side: A; Approx. Time Count: 4.6.}

Closing by Sponsor:

Sen. Taylor closed.

HEARING ON SB 372

Opening Statement by Sponsor:

Sen. Mignon Waterman, Senate District 26, opened the hearing on SB 372, a bill which would allow for prompt revision of tax records for change of ownership except in cases when there is a land split. *{Tape: 4; Side: A; Approx. Time Count: 20.7.}*

Proponents' Testimony:

Gordon Morris, Montana Association of Counties. *{Tape: 4; Side: A; Approx. Time Count: 23.3.}*

Judy Paynter, Department of Revenue. *{Tape: 4; Side: A; Approx. Time Count: 24.9.}*

John Schontz, Montana Association of Realtors. *{Tape: 4; Side: A; Approx. Time Count: 26.8.}*

Bill Spilker, Real Estate Broker. *{Tape: 4; Side: B; Approx. Time Count: 0.1.}*

Opponents' Testimony:

None.

Informational Testimony:

Mike Mathew, Commissioner, Yellowstone County. *{Tape: 4; Side: B; Approx. Time Count: 2.9.}*

Questions From Committee Members and Responses:

{Tape: 4; Side: B; Approx. Time Count: 4.8.}

Closing by Sponsor:

Sen. Waterman closed the hearing. *{Tape: 4; Side: B; Approx. Time Count: 14.7.}*

{Tape: 4; Side: B; Approx. Time Count: 15.3; Comments: Adjourn.}

HOUSE TAXATION COMMITTEE

ROLL CALL

DATE OF MEETING: April 7, 1997

Name	Present	Absent	Excused
Rep. Peggy Arnott	✓		
Rep. Paul Bankhead	✓		
Rep. John Bohlinger	✓		
Rep. Bill Carey	✓		
Rep. Alvin Ellis, Jr.	✓		
Rep. Marian Hanson	✓		
Rep. Hal Harper	✓		
Rep. Dan Harrington	✓		
Rep. Rick Jore	✓		
Rep. Scott J. Orr	✓		
Rep. Bob Raney	✓		
Rep. Bob Ream	✓		
Rep. Sam Rose	✓		
Rep. Bill Ryan	✓		
Rep. Robert Story	✓		
Rep. Richard Simpkins	✓		
Rep. Emily Swanson	✓		
Rep. Lila Taylor	✓		
Rep. Jack Wells	✓		
Chairman Chase Hibbard	✓		

VISITOR REGISTER

HOUSE TAXATION COMMITTEE

DATE: April 7, 1997

BILL NO: SB 372 SPONSOR: Sen. Waterman

NAME AND ADDRESS (PLEASE PRINT)	REPRESENTING	TYPE OF WITNESS		
		Informational	Support	Oppose
Gordon Davis	MHA		✓	
J. Shontz	MT Hsn Ass		✓	
W. Spicka	Self		X	
Judy Paynter	DOR		X	

Please leave prepared testimony with secretary.
Witness statement forms are available if you care to submit written testimony.

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Chase Hibbard, on April 9, 1997, at 8:00 a.m., in Room 437.

ROLL CALL

Members Present:

Rep. Chase Hibbard, Chairman (R)
Rep. Robert R. Story, Jr., Vice Chairman (Majority) (R)
Rep. Robert R. "Bob" Ream, Vice Chairman (Minority) (D)
Rep. Peggy Arnott (R)
Rep. Paul Bankhead (R)
Rep. John C. Bohlinger (R)
Rep. Bill Carey (D)
Rep. Alvin A. Ellis, Jr. (R)
Rep. Marian W. Hanson (R)
Rep. Hal Harper (D)
Rep. Dan W. Harrington (D)
Rep. Rick Jore (R)
Rep. Scott J. Orr (R)
Rep. Bob Raney (D)
Rep. John "Sam" Rose (R)
Rep. William M. "Bill" Ryan (D)
Rep. Richard D. Simpkins (R)
Rep. Emily Swanson (D)
Rep. Lila V. Taylor (R)
Rep. Jack Wells (R)

Members Excused: None.

Members Absent: None.

Staff Present: Lee Heiman, Legislative Services Division
Donna Grace, Committee Secretary

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 395 (4/2)
Executive Action: SB 372 - Concur as Amended
SB 272 - Concur as Amended
SB 300 - Concur as Amended
SB 336 - Concur

Riley Johnson, Enterprise Rent a Car. **EXHIBIT 4.** *{Tape: 1; Side: B; Approx. Time Count: 4.4.}*

Michele Chard, Controller, Enterprise Rent a Car. *{Tape: 1; Side: B; Approx. Time Count: 7.5.}*

Informational Testimony:

Dave Galt, Department of Transportation. **EXHIBIT 5.** *{Tape: 1; Side: B; Approx. Time Count: 10.0.}*

Questions From Committee Members and Responses:

{Tape: 1; Side: B; Approx. Time Count: 15.2; Comments: Questions and discussion continued on Tape 2 A and 2 B.}

Closing by Sponsor:

Rep. Mahlum closed the hearing. *{Tape: 2; Side: B; Approx. Time Count: 20.7.}*

EXECUTIVE ACTION ON SB 372

Motion:

Rep. Swanson moved to concur in SB 372. *{Tape: 3; Side: A; Approx. Time Count: 0.1.}*

Motion/Vote:

Rep Swanson moved the amendments to SB 372. **EXHIBIT 6.** The motion passed unanimously.

Motion:

Rep. Ream moved to concur in SB 372 as amended. *{Tape: 3; Side: A; Approx. Time Count: 6.1; Comments: Discussion on the bill continued on Tape 3B.}*

Vote:

The motion passed 18 - 2, with Reps. Story and Arnott voting no. *{Tape: 3; Side: B; Approx. Time Count: 2.4.}*

EXECUTIVE ACTION ON SB 272

Motion:

Rep. Rose moved to concur in SB 272. *{Tape: 3; Side: B; Approx. Time Count: 4.3.}*

EXHIBIT 6
DATE 4-9-97
SB 372

Amendments to Senate Bill No. 372
Third Reading Copy

Requested by DOR
For the Committee on Taxation

Prepared by Lee Heiman
April 9, 1997

1. Page 1, line 15.
Strike: "A"
Insert: "For the purposes of this title, a"

2. Page 5, lines 20 through 22.
Strike: "The" on line 20 through "[SECTION 1]." on line 22
Insert: "In the case of conveyances that result in a land split, the taxes shall be based on the property as assessed on the January first preceding the conveyance."

HOUSE TAXATION COMMITTEE

ROLL CALL

DATE OF MEETING: April 9, 1997

Name	Present	Absent	Excused
Rep. Peggy Arnott	✓		
Rep. Paul Bankhead	✓		
Rep. John Bohlinger	✓		
Rep. Bill Carey	✓		
Rep. Alvin Ellis, Jr.	✓		
Rep. Marian Hanson	✓		
Rep. Hal Harper	✓		
Rep. Dan Harrington	✓		
Rep. Rick Jore	✓		
Rep. Scott J. Orr	✓		
Rep. Bob Raney	✓		
Rep. Bob Ream	✓		
Rep. Sam Rose	✓		
Rep. Bill Ryan	✓		
Rep. Robert Story	✓		
Rep. Richard Simpkins	✓		
Rep. Emily Swanson	✓		
Rep. Lila Taylor	✓		
Rep. Jack Wells	✓		
Chairman Chase Hibbard	✓		

HOUSE TAXATION COMMITTEE
ROLL CALL VOTE

DATE OF MEETING: 4/9/97

BILL NO. SB 372

MOTION: Swanson do pass

Name	Yes	No	Comment
Rep. Bob Story			
Rep. Scott Orr			
Rep. Bill Ryan			
Rep. Peggy Arnott			
Rep. Bill Carey			
Rep. Sam Rose			
Rep. Jack Wells			
Rep. Dan Harrington			
Rep. Alvin Ellis			
Rep. Rick Jore			
Rep. Dick Simpkins			
Rep. Paul Bankhead			
Rep. John Bohlinger			
Rep. Emily Swanson			
Rep. Lila Taylor			
Rep. Marian Hanson			
Rep. Hal Harper			
Rep. Bob Raney			
Rep. Bob Ream			
Chairman Chase Hibbard			

HOUSE TAXATION COMMITTEE
ROLL CALL VOTE

DATE OF MEETING: 4/9/97

BILL NO. SB 372

MOTION: Amendment Swenson

Name	Yes	No	Comment
Rep. Bob Story			
Rep. Scott Orr			
Rep. Bill Ryan			
Rep. Peggy Arnott			
Rep. Bill Carey			
Rep. Sam Rose			
Rep. Jack Wells			
Rep. Dan Harrington			
Rep. Alvin Ellis			
Rep. Rick Jore			
Rep. Dick Simpkins			
Rep. Paul Bankhead			
Rep. John Bohlinger			
Rep. Emily Swanson			
Rep. Lila Taylor			
Rep. Marian Hanson			
Rep. Hal Harper			
Rep. Bob Raney			
Rep. Bob Ream			
Chairman Chase Hibbard			

HOUSE TAXATION COMMITTEE
ROLL CALL VOTE

DATE OF MEETING: 4/9/97

BILL NO. SB 372

MOTION: Recom do pass as amended

Name	Yes	No	Comment
Rep. Bob Story		✓	
Rep. Scott Orr			
Rep. Bill Ryan			
Rep. Peggy Arnott		✓	
Rep. Bill Carey	Passed		
Rep. Sam Rose			
Rep. Jack Wells			
Rep. Dan Harrington			
Rep. Alvin Ellis	18	2	
Rep. Rick Jore			
Rep. Dick Simpkins			
Rep. Paul Bankhead			
Rep. John Bohlinger			
Rep. Emily Swanson			
Rep. Lila Taylor			
Rep. Marian Hanson			
Rep. Hal Harper			
Rep. Bob Raney			
Rep. Bob Ream			
Chairman Chase Hibbard			

COMMITTEE ABSENTEE BALLOT

Date: 4/9/97

I hereby authorize Rep. Reams

to cast my vote(s) as follows:

SB 372 - yes
SB 272 - NO
SB 300 - yes (and amendment)
SB 336 - yes
SB 393 - NO Table yes

Representative Harper

COMMITTEE ABSENTEE BALLOT

Date: 4/9/97

I hereby authorize Rep. Reams

to cast my vote(s) as follows:

SB 372 yes

Representative Dan Hamm

COMMITTEE ABSENTEE BALLOT

Date: 4/9/97

I hereby authorize Rep. Reaves

to cast my vote(s) as follows:

SB 372 - yes
SB 272 - NO
SB 300 - yes (and amendment)
SB 336 - yes
SB 393 - yes Table yes

Representative W. Ryan

COMMITTEE ABSENTEE BALLOT

Date: 4/9/97

I hereby authorize Rep. Story

to cast my vote(s) as follows:

✓ For 372 with 99 attached bill

✓ For 393

✓ For 336

✓ For 272 – For amendment to strike sec 2 or 3 if offered

✓ For 300 with or w/o Amendment

Representative

HOUSE STANDING COMMITTEE REPORT

April 9, 1997

Mr. Speaker: We, the committee on **Taxation** report that **Senate Bill 372** (third reading copy -- blue) **be concurred in as amended.**

Signed: _____
Chase Hibbard, Chair

And, that such amendments read: **Carried by: Rep. Swanson**

1. Page 1, line 15.
Strike: "A"
Insert: "For the purposes of this title, a"

2. Page 5, lines 20 through 22.
Strike: "The" on line 20 through "[SECTION 1]." on line 22
Insert: "In conveyances that result in a land split, the taxes must be based on the property as assessed on January 1 preceding the conveyance."

-END-

3-9-97

Committee Vote:
Yes 18, No 2.

751301SC.Hgd

SENATE BILL NO. 372

INTRODUCED BY WATERMAN

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE DEPARTMENT OF REVENUE, UPON A TIMELY SHOWING ~~OF RELIABLE EVIDENCE~~ OF A CHANGE IN OWNERSHIP OR ~~RELIABLE EVIDENCE~~ OF A LAND ~~SPLIT~~ CONVEYANCE RESULTING IN A CHANGE OF OWNERSHIP, EXCEPT IN THE CASE OF LAND SPLITS, TO CHANGE THE CURRENT OWNERSHIP RECORDS; ~~PROVIDING THAT AT THE OPTION OF THE TAXPAYERS IN A LAND SPLIT THE DEPARTMENT MAY RECOMPUTE THE CURRENT YEAR'S TAXES BASED UPON THE PERCENTAGE OF OWNERSHIP OF EACH OWNER;~~ AMENDING SECTIONS ~~15-7-304~~ 15-7-102, 15-8-201, AND 15-10-305, ~~AND 15-16-101,~~ MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Land split.** ~~A~~ FOR THE PURPOSES OF THIS TITLE, A land split is the conveyance or transfer of a portion of a parcel of land that will require the department to change its ownerships records for the original parcel to show the creation of one or more new parcels under a new ownership.

~~**Section 2.** Section 15-7-304, MCA, is amended to read:~~

~~"**15-7-304. Report of transfers -- change of ownership records.** (1) All transfers of real property that are not evidenced by a recorded document, except those transfers otherwise provided for in this part, must be reported to the department on the form prescribed.~~

~~(2) (a) The department is not required to change any ownership records used for the assessment or taxation of real property unless the department has received~~ receives a transfer certificate from the clerk and recorder ~~or other reliable evidence that demonstrates that the grantee is the owner of the property for~~ tax purposes ~~and the transfer has been reported to the department as provided by rule. If the grantor on the transfer certificate is not the person to whom the property is assessed on the property tax record, the department may not substitute the grantee's name on the certificate for the name of the current person listed on the property tax record, but the department shall add the grantee's name to the property tax~~

REFERENCE BILL
AS AMENDED

~~record with the name of the person to whom the property is assessed. The department shall mail notification of the change to the person to whom the property is assessed and to the grantee. The department shall substitute the grantee's name on the property tax record when reliable evidence demonstrates that the grantee is the owner of the property for tax purposes.~~

~~(b) If the parties to a land split wish to receive separate tax notices for each parcel in the land split in the current year they shall provide a reallocation percentage to the department. The department shall provide a space on the transfer certificate for the parties to list the percentage of assessed value that each party received of the total assessed value of the land, the improvements, and any personal property subject to tax liens against the real property. The department shall use the percentage as the basis for dividing the assessed value among the parties if reliable evidence demonstrates that the grantee is the owner of the property for tax purposes and the evidence has been provided and processed prior to the time taxes are determined. If the parties to a conveyance do not list a reallocation percentage or do not provide reliable evidence that demonstrates that the grantee is the owner of the property for tax purposes or if the request is untimely, the department shall add the grantee's name to the property tax statement along with the name of the person to whom the property has previously been assessed."~~

SECTION 2. SECTION 15-7-102, MCA, IS AMENDED TO READ:

"**15-7-102. Notice of classification and appraisal to owners -- appeals.** (1) (a) The department shall mail to each owner or purchaser under contract for deed a notice of the classification of the land owned or being purchased and the appraisal of the improvements on the land only if one or more of the following changes pertaining to the land or improvements have been made since the last notice:

(i) change in ownership;

(ii) change in classification;

(iii) change in valuation; or

(iv) addition or subtraction of personal property affixed to the land.

(b) The notice must include the following for the taxpayer's informational purposes:

(i) the total amount of mills levied against the property in the prior year;

(ii) the amount of the prior year's taxes resulting from levied mills;

(iii) an estimate of the current year's taxes based on the prior year's mills; and

(iv) a statement that the notice is not a tax bill.

(c) Any misinformation provided in the information required by subsection (1)(b) does not affect the validity of the notice and may not be used as a basis for a challenge of the legality of the notice.

(2) (a) ~~The~~ Except as provided in subsection (2)(c), the department shall assign each assessment to the correct owner or purchaser under contract for deed and mail the notice of classification and appraisal on a standardized form, adopted by the department, containing sufficient information in a comprehensible manner designed to fully inform the taxpayer as to the classification and appraisal of the property and of changes over the prior tax year.

(b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an appeal of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in 15-1-402.

(c) The department is not required to mail the notice of classification and appraisal to a new owner or purchaser under contract for deed unless the department has received the transfer certificate from the clerk and recorder as provided in 15-7-304 and has processed the certificate before the notices required by subsection (2)(a) are mailed. The date of mailing is the date reported to the county tax appeal board pursuant to 15-15-101.

(3) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the market value of the property as determined by the department or with the classification of the land or improvements, the owner may request an assessment review by submitting an objection in writing to the department, on forms provided by the department for that purpose, within 30 days after receiving the notice of classification and appraisal from the department. The review must be conducted informally and is not subject to the contested case procedures of the Montana Administrative Procedure Act. As a part of the review, the department may consider the actual selling price of the property, independent appraisals of the property, and other relevant information presented by the taxpayer in support of the taxpayer's opinion as to the market value of the property. The department shall give reasonable notice to the taxpayer of the time and place of the review. After the review, the department shall determine the correct appraisal and classification of the land or improvements and notify the taxpayer of its determination. In the notification, the department shall state its reasons for revising the classification or appraisal. When the proper appraisal and classification have been determined, the land must be classified and the improvements appraised in the manner ordered by the department.

(4) Whether a review as provided in subsection (3) is held or not, the department may not adjust

an appraisal or classification upon the taxpayer's objection unless:

(a) the taxpayer has submitted an objection in writing; and

(b) the department has stated its reason in writing for making the adjustment.

(5) A taxpayer's written objection to a classification or appraisal and the department's notification to the taxpayer of its determination and the reason for that determination are public records. The department shall make the records available for inspection during regular office hours.

(6) If any property owner feels aggrieved by the classification or appraisal made by the department after the review provided for in subsection (3), the property owner has the right to first appeal to the county tax appeal board and then to the state tax appeal board, whose findings are final subject to the right of review in the courts. The appeal to the county tax appeal board must be filed within 30 days after notice of the department's determination is mailed to the taxpayer. A county tax appeal board or the state tax appeal board may consider the actual selling price of the property, independent appraisals of the property, and other relevant information presented by the taxpayer as evidence of the market value of the property. If the county tax appeal board or the state tax appeal board determines that an adjustment should be made, the department shall adjust the base value of the property in accordance with the board's order."

Section 3. Section 15-8-201, MCA, is amended to read:

"**15-8-201. General assessment day.** (1) The department shall, between January 1 and the second Monday of July in each year, ascertain the names of all taxable inhabitants and assess all property subject to taxation in each county.

(2) The department shall assess property to:

(a) the person by whom it was owned or claimed or in whose possession or control it was at midnight of the preceding January 1; or

(b) EXCEPT IN THE CASE OF LAND SPLITS, the new owner if ~~reliable evidence~~ THE PROVISIONS OF 15-7-304 HAVE BEEN MET AND THE TRANSFER CERTIFICATE has been received and processed prior to determining the taxes that are due as provided in ~~15-7-302(2)(a)~~ 15-10-305(2).

(3) The department shall also ascertain and assess all mobile homes arriving in the county after midnight of the preceding January 1.

(4) A mistake in the name of the owner or supposed owner of real property does not invalidate the assessment.

~~(2)~~(5) The procedure provided by this section does not apply to:

(a) motor vehicles that are required by 15-8-202 to be assessed on January 1 or upon their anniversary registration date;

(b) motor homes, travel trailers, and campers;

(c) watercraft;

(d) livestock;

(e) property defined in 61-1-104 as "special mobile equipment" that is subject to assessment for personal property taxes on the date that application is made for a special mobile equipment plate;

(f) mobile homes held by a distributor or dealer of mobile homes as stock in trade; and

(g) property subject to the provisions of 15-16-203.

~~(3)~~(6) Credits must be assessed as provided in 15-1-101(1)(f)."

Section 4. Section 15-10-305, MCA, is amended to read:

"**15-10-305. Clerk and recorder to report mill levy -- department to compute and enter taxes.** (1) (a) ~~The Except as provided in subsection (1)(b), the~~ THE county clerk and recorder shall by the third Monday in August notify the department of the number of mills needed to be levied for each taxing jurisdiction in the county. ~~The~~ EXCEPT AS PROVIDED IN SUBSECTION (1)(B), THE department shall compute the taxes by multiplying the number of mills times the taxable value of the property to be taxed and shall add any fees or assessments required to be levied against a person owning property. All taxes, fees, and assessments must be itemized for the property listed in the property tax record.

(b) ~~The department shall MAY NOT compute the current year's taxes based upon the reallocation percentage provided for in 15-7-304(2)(b) if the department is able to do so without violating FOR CONVEYANCES THAT RESULT IN A LAND SPLIT, AS DESCRIBED IN [SECTION 1],~~ IN CONVEYANCES THAT RESULT IN A LAND SPLIT, THE TAXES MUST BE BASED ON THE PROPERTY AS ASSESSED ON JANUARY 1 PRECEDING THE CONVEYANCE. THE DEPARTMENT IS NOT REQUIRED TO INCLUDE THE NAME OF THE NEW OWNER IN THE COMPUTATION OF THE AMOUNT OF TAXES, FEES, AND ASSESSMENTS TO BE LEVIED AGAINST PROPERTY THAT IS PART OF A LAND CONVEYANCE IF INCLUDING THE NEW OWNER'S NAME WOULD CAUSE THE DEPARTMENT TO VIOLATE the deadline provided in subsection (2).

(2) The department shall complete the computation of the amount of taxes, fees, and assessments

to be levied against the property and shall notify the county clerk and recorder and the county treasurer by the second Monday in October."

~~**Section 5.** Section 15-16-101, MCA, is amended to read:~~

~~"15-16-101. **Treasurer to publish notice -- manner of publication.** (1) Within 10 days after the receipt of the property tax record, the county treasurer shall publish a notice specifying:~~

~~(a) that one-half of all taxes levied and assessed will be due and payable before 5 p.m. on the next November 30 or within 30 days after the notice is postmarked and that unless paid prior to that time the amount then due will be delinquent and will draw interest at the rate of 5/6 of 1% per month from the time of delinquency until paid and 2% will be added to the delinquent taxes as a penalty;~~

~~(b) that one-half of all taxes levied and assessed will be due and payable on or before 5 p.m. on the next May 31 and that unless paid prior to that time the taxes will be delinquent and will draw interest at the rate of 5/6 of 1% per month from the time of delinquency until paid and 2% will be added to the delinquent taxes as a penalty; and~~

~~(c) the time and place at which payment of taxes may be made.~~

~~(2) The county treasurer shall send to the last-known address of each taxpayer a written notice, postage prepaid, showing the amount of taxes and assessments due for the current year, including taxes computed by the department due to reallocation for land splits as provided in 15-7-304(2)(b), and the amount due and delinquent for other years. The written notice must include:~~

~~(a) the taxable value of the property;~~

~~(b) the total mill levy applied to that taxable value;~~

~~(c) the value of each mill in that county;~~

~~(d) itemized city services and special improvement district assessments collected by the county;~~

~~(e) the number of the school district in which the property is located; and~~

~~(f) the amount of the total tax due that is levied as city tax, county tax, state tax, school district tax, and other tax.~~

~~(3) The municipality shall, upon request of the county treasurer, provide the information to be included under subsection (2)(d) ready for mailing.~~

~~(4) The notice in every case must be published once a week for 2 weeks in a weekly or daily newspaper published in the county, if there is one, or if there is not, then by posting it in three public~~

~~places. Failure to publish or post notices does not relieve the taxpayer from any tax liability. Any failure to give notice of the tax due for the current year or of delinquent tax will not affect the legality of the tax."~~

NEW SECTION. **Section 5. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 15, chapter 7, part 1, and the provisions of Title 15, chapter 7, part 1, apply to [section 1].

NEW SECTION. **Section 6. Applicability.** ~~(1)~~ [This act] applies to all conveyances and transfers of property resulting in a change of ownership effective after December 31, ~~1997~~ ~~1998~~ 1997.

~~(2) [THIS ACT] APPLIES TO TAX YEARS BEGINNING AFTER DECEMBER 31, 1998.~~

NEW SECTION. **Section 7. Effective date -- rulemaking.** (1) Except as provided in subsection (2), [this act] is effective January 1, ~~1998~~ ~~1999~~ 1998.

(2) The department may commence rulemaking to implement the provisions of [this act] prior to January 1, ~~1998~~ ~~1999~~ 1998, but the date rules are adopted implementing [this act] may not be earlier than January 1, ~~1998~~ ~~1999~~ 1998.

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